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DEPARTMENT FOR EEB/IFD/OMA (SNOW AND FIGUEROA)

E.O. 12958

TAGS: EAID EFIN ECON PREL NI

SUBJECT: NIGERIA: CONGRESSIONALLY MANDATED REPORT ON FISCAL
TRANSPARENCY IN COUNTRIES RECEIVING USG ASSISTANCE

REF: STATE 16737

¶1. (U) Mission provides the following information per reftel request: President Umaru Yar'Adua's administration assumed office in May 2007, and has committed itself verbally to upholding the principles of openness, transparency and full accountability in the management of public funds, and has not approved the operation of any "special accounts" or the withholding of details of such accounts from the National Assembly and the public.

¶2. (U) In the 2008 budget presented to the National Assembly on November 8, 2007, there were provisions for 20% of the total to be spent on security in the Niger Delta; 13% on education, and 7% on the agricultural sector. The administration also plans to focus on power and energy, supporting projects in partnership with the private sector. The administration is attempting to follow international best practices in discussing and executing the budget.

¶3. (U) Some progress on fiscal transparency has been made from 2003 to date.

-- The government since 2004 has adopted the Medium-Term Expenditure Framework (MTEF), forecasting revenue and expenditure for a three year period.

-- The National Assembly has stepped up its monitoring and oversight.

-- The GON functions under the auspices of the 1999 Constitution. The federal budget is published with minimum delay in a government publication. Budget reports are available in print and electronic form soon after approval by the National Assembly and President. The Minister of Finance made detailed public presentations about the budget in the run up to its presentation to the National Assembly. Budget data can be found in selected government websites, notably www.budgetoffice.gov.ng, and www.fmf.gov.ng.

¶4. (U) In May 2007, the National Assembly passed into law the Fiscal Responsibility Act (FSA 2007) to ensure transparency and accountability of public expenditures. The 36 state governments agreed to pass fiscal responsibility legislation at the state level by December 2007. The Minister of State for Finance, Aderemi Babalola, said 13 states had passed the legislation by late January 2008 and the others will be encouraged to follow. The Public Procurement Act (Act) was passed by the Assembly and signed into law on June 4, 2007. According to the Act, all budget expenditures on major government-funded contracts are screened to ensure that expenditures are in line with prevailing international rates.

¶5. (U) Consultations among different segments of society take place more than in the past, increasing participation in the budget process at all levels, particularly civil society. In addition, a two-day summit on the 2008 budget organized for civil society groups and funded by the USG in November 2007 recommended that budget allocations be separated to make for better monitoring and evaluation. Participants suggested the government should make budgetary allocations for capacity building in ministerial

departments and agencies (MDAs); increase budget utilization and appropriation; support capacity building efforts for civil society organizations (CSOs); and make financial allocations for budget tracking and evaluation at all levels to strengthen fiscal transparency.

¶6. (U) In 2007, USG-supported advocacy efforts contributed to the passage of fiscal responsibility and public procurement legislation.

The USG also supported passage of the Freedom of Information Bill but it has not yet been signed into law. Since 2004 various USG funded activities provided technical support to the Budget Office of the Federation, Central Bank of Nigeria, the Office Accountant General of the Federation, the Debt Management Office, and the National Assembly Budget Office, as well as civil society organizations to enhance their capacity to develop sound policies that support transparency and good governance in Nigeria.

¶7. (U) Comment: Corruption, transparency and accountability remain key problems for this government and this country. Even though progress has been noted in the cable, the GON has not yet turned around the real problem of corruption.

SANDERS